

question the intent or the ability of either party to achieve by December 31, 2012, the strategic offensive reductions required by Article I of the Treaty; and

(G) any actions that have been taken or have been proposed by a party to address concerns listed pursuant to subparagraph (F) or to improve the implementation and effectiveness of the Treaty.

SEC. 3. DECLARATIONS.

The advice and consent of the Senate to the ratification of the Moscow Treaty is subject to the following declarations, which express the intent of the Senate:

(1) **TREATY INTERPRETATION.** The Senate reaffirms condition (8) of the resolution of ratification of the Document Agreed Among the States Parties to the Treaty on Conventional Armed Forces in Europe (CFE) of November 19, 1990 (adopted at Vienna on May 31, 1996), approved by the Senate on May 14, 1997, relating to condition (1) of the resolution of ratification of the Intermediate-Range Nuclear Forces (INF) Treaty, approved by the Senate on May 27, 1988.

(2) **FURTHER STRATEGIC ARMS REDUCTIONS.** The Senate encourages the President to continue strategic offensive reductions to the lowest possible levels consistent with national security requirements and alliance obligations of the United States.

(3) **BILATERAL IMPLEMENTATION ISSUES.** The Senate expects the executive branch of the Government to offer regular briefings, including consultations before meetings of the Bilateral Implementation Commission, to the Committee on Foreign Relations and the Committee on Armed Services of the Senate on any implementation issues related to the Moscow Treaty. Such briefings shall include a description of all efforts by the United States in bilateral forums and through diplomatic channels with the Russian Federation to resolve any such issues and shall include a description of

(A) the issues raised at the Bilateral Implementation Commission, within 30 days after such meetings;

(B) any issues related to implementation of this Treaty that the United States is pursuing in other channels, including the Consultative Group for Strategic Security established pursuant to the Joint Declaration of May 24, 2002, by the Presidents of the United States and the Russian Federation; and

(C) a Presidential determination with respect to issues described in subparagraphs (A) and (B).

(4) **NONSTRATEGIC NUCLEAR WEAPONS.** Recognizing the difficulty the United States has faced in ascertaining with confidence the number of nonstrategic nuclear weapons maintained by the Russian Federation and the security of those weapons, the Senate urges the President to engage the Russian Federation with the objectives of

(A) establishing cooperative measures to give each party to the Treaty improved confidence regarding the accurate accounting and security of nonstrategic nuclear weapons maintained by the other party; and

(B) providing United States or other international assistance to help the Russian Federation ensure the accurate accounting and security of its nonstrategic nuclear weapons.

(5) **ACHIEVING REDUCTIONS.** Recognizing the transformed relationship between the United States and the Russian Federation and the significantly decreased threat posed to the United States by the Russian Federation's strategic nuclear arsenal, the Senate encourages the President to accelerate United States strategic force reductions, to the extent feasible and consistent with United States national security requirements and alliance obligations, in order that the reductions required by Article I of the Treaty may be achieved prior to December 31, 2012.

(6) **CONSULTATIONS.** Given the Senate's continuing interest in this Treaty and in continuing strategic offensive reductions to the lowest possible levels consistent with national security requirements and alliance obligations of the United States, the Senate urges the President to consult with the Senate prior to taking actions relevant to paragraphs 2 or 3 of Article IV of the Treaty.

Mr. LUGAR. I move to reconsider the vote.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LUGAR. Mr. President, I express my appreciation to Senator BIDEN for his leadership and management of this treaty and to all Members of the Foreign Affairs Committee, including the distinguished occupant of the Chair, and also Senators who contributed constructively to, I believe, a very important achievement.

I specifically mention staff Members who were most supportive and helpful: Tom Moore, Ed Levine, Jofi Joseph, Brian McEnan, Jason Hamm, Ken Myers, Sr., and Kenny Myers, Jr. We are appreciative of staff on both sides of the aisle for a remarkable piece of work.

I yield the floor.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT—EXECUTIVE CALENDAR

Mr. FRIST. Mr. President, I ask unanimous consent that at 6 o'clock on Monday, March 10, the Senate proceed to executive session for the consideration of Calendar No. 39, the nomination of Gregory Frost to be U.S. District Judge for the Southern District of Ohio; provided further that the Senate then proceed immediately to a vote on the confirmation of the nomination; further that following that vote the President be immediately notified of the Senate's action and the Senate then resume legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. FRIST. I ask unanimous consent that the Senate return to legislative session and proceed to a period for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

BLACK HISTORY MONTH

Mr. FRIST. Mr. President, as you know, Black History Month drew to a

close last week with the end of February. It was a month of much celebration and many lessons. For me, it was also a time for reflection. I want to take this opportunity to speak for just a moment about where we have been, where we are now and where we, as a nation—"under God, indivisible, with liberty and justice for all"—must go.

Black History Month actually evolved from Black History Week, established in 1926 through the tremendous efforts of Dr. Carter Godwin Woodson. He originally chose the second week of February because of its proximity to the birth dates of two great men whose role in the history of Black Americans are legendary: Frederick Douglass and Abraham Lincoln. Dr. Woodson's goal was simple: to highlight the many accomplishments of African Americans and their history of contribution to the growth and success of the United States of America.

This year, as our Nation faces challenges unsurpassed in my own personal memory, I would like to speak for a moment of what I hope and pray our—this United States Senate—contributions will be.

The 20th century saw great strides forward in equality, civil rights and racial relations in America. These strides were made because dedicated men and women recognized what needed to be done to right wrongs—and then they went and did the right things—sometimes at the expense of their own lives.

Recently, Darrell Green, former Washington Redskin great and future National Football League Hall of Famer, told a group of Senators that knowing the right thing to do is easy. Doing the right thing takes a lot of commitment and very hard work. He reminded us that we are in the Congress to serve—and when we are gone, the world should be a better place not just for a few, but for all people.

Twenty years from now, as our replacements in this Chamber celebrate Black History Month, I hope they will have cause to celebrate the good that we accomplished. I hope they will be able to celebrate the progress we made in bringing people together. I hope they will celebrate the fact that United States Senators of the 108th Congress led the way in spurning activities and speech designed to infect racial wounds, not heal them.

And I hope they will celebrate the fact that we, as today's leaders, made great strides forward in parity in education and health care for all Americans.

We all know that education is the ultimate key to opportunity. Our public education system is an unparalleled commitment by the United States of America to our Nation's children. We need to make certain that we provide them with the tools they must have to succeed. Their success, after all, is vital to all of our future endeavors. If we are to make progress worth celebrating by future generations, we must do the right things.

We must also do the right things to reduce health disparities. It is simply wrong that an African American male the same age as myself is significantly more likely than am I to contract heart disease. We need to provide not only research, but action in this area. Every American deserves the highest quality health care, regardless of race.

I hope they will celebrate the fact that we fought an aggressive and effective war against AIDS, the plague of our time—and perhaps of all time. A disease that disproportionately affects African Americans and indeed, the continent of Africa.

Mr. President, last month we celebrated the amazing accomplishments of African Americans throughout our history. Let us also celebrate a joint commitment to ensure that our contribution to Black history—really, to American history—will be that we serve well, do what is right, and leave the world a better place.

DOUBLE TAXATION OF DIVIDENDS AND CORPORATE GOVERNANCE

Mr. CRAIG. Mr. President, I come to the floor this afternoon to speak with my colleagues as chairman of the Special Committee on Aging. Every person in this Chamber, every Senator, has an abiding interest in the welfare of America's seniors. The issue I wish to speak to this afternoon is, No. 1, how double taxation unfairly targets older Americans and the disastrous effect of the dividend penalty on corporate governance.

During the first week of February, the Aging Committee held a hearing entitled "Tax Fairness: Does Double Taxation Unfairly Target Older Americans?"

Those attending the Aging hearing learned that older Americans, both working and retired, are subject to double taxation more than any other age group in the United States. Just yesterday, Larry Kudlow, economist-spokesman on Fox News, a television commentator, was here to speak to many of us on the issue of double taxation. Older Americans are literally being taxed to death by their own Government.

Let me share with you three reasons seniors are double taxed. The reality is, first, many seniors pay taxes twice on Social Security benefits. Secondly, the Government collects the death tax when a senior passes on. Third, dividend income is also taxed twice; it is taxed once at the company level and again at the individual level. Older Americans are more likely to hold investments that pay dividends than any other age group. Over 70 percent of all taxable dividend payments are received by Americans age 55 and older.

Clearly, eliminating the dividend penalty will benefit older Americans and seniors who have worked hard all of their lifetime, sacrificed, and saved a nest egg for their retirement. More than 9 million seniors age 65 years and

older, many on fixed incomes, rely on dividend income to make ends meet from month to month. The average—and this is an important figure because, remember, our critics are saying, but this is just for the rich; remember, 9 million seniors, 65 years of age and older—dividend income for these taxpayers is a little over \$4,000 per year. But \$4,000 additional money per year for someone living on a fixed income is a substantial amount of money.

Let me share with you the testimony of one of the witnesses at the Aging Committee hearing, Dick Buxton from Idaho. Mr. Buxton was there to talk about the beneficial impact of ending double taxation on dividends and what it would do to his father and mother-in-law. His father is 89 years old, a railroad retiree; his mother-in-law is 91 years old and a retired schoolteacher. They both worked very hard all their lives, saved a little money, and invested in corporations that paid dividends as a part of their life savings to benefit their income.

They are not wealthy people. They are what is clearly part of the number I am talking about. They are not retired Wall Street investment bankers. They are not wealthy heirs to family fortunes. These are the middle-class seniors who were frugal throughout their lifetime and saved a nest egg for retirement. These are the faces of seniors across the country who should not be penalized for saving. That is what our President has said, and that is one of the reasons he has offered up the opportunity to take down the double taxation of dividends. These are the kind of people who would benefit clearly from the abolition of that double taxation.

Ending the dividend penalty not only benefits older Americans. It gives a much needed boost to our economy. It also makes corporations more accountable. At the hearing, we learned that restoring trust in ensuring the honest financial management of our Nation's companies is extremely important as an issue of this moment in our Nation's history. Larry Kudlow spoke very clearly to that issue yesterday, that it is a unique time in our Nation's investment history, and we need to give this area of our economy a jolt. Improving confidence in our financial markets is critical to all workers, retirees, especially after the Enron and WorldCom debacles.

How would ending the dividend penalty improve corporate accountability? Well, dividends don't lie. You either have the cash to pay them or you don't. Increases in dividend payments would provide a clear and unmistakable signal of a company's strength and viability in the market to the average person who would invest in that company. No corporate report, no message by a corporate executive saying: Here is what we are going to do, and here is how we are going to bump the stock, and here is the game we are playing for

all of your investors as the story. The story is, are we making a profit and are we paying a dividend. That is kind of the old way that created the stability in corporate America that most investors began to rely on years ago.

Dividends signal stability. They encourage shareholders to hold for the long term even when companies go through tough times. For example, Bristol-Myers is a company that has gone through tough times recently. The current annual dividend is \$1.12, with a yield of about 5 percent. Investors know Bristol-Myers is basically a sound, healthy, productive company.

The dividend is a big part of investor confidence in the long-term strength of a company. The psychology of shareholders changes with short-term to long-term as it relates to the value of dividends and when those dividends go up.

Dividends encourage internal investment in only the best ideas. Dividends are taxed at a much higher rate than capital gains. The higher dividend tax encourages companies to hoard cash rather than pay it out in dividends. The dividend penalty causes too much money to be chasing too few good investment ideas. We have seen that in spades as companies have come tumbling down as a result of bad decisions made by corporate America.

One of our experienced witnesses known as an expert, Hillary Kramer, who is often on television and has her own program, speaking to the stability of investment, spoke about United Airlines. Over the past couple of decades, UAL invested their cash in Internet ventures and car rentals and hotels. United Airlines ventured out of their core competency; that is, getting people from one spot to another on an airliner, in part because the Tax Code pushed them in that direction. Shareholders might have been better served if they had paid a higher dividend instead and stayed with the business of efficiently and safely moving people through their airlines.

The dividend penalty diverts cash away from shareholders into bad but tax-favored activities. On the other hand, paying cash out in dividends encourages stockholders to channel the cash into the most productive investment opportunities available inside and outside the company. This encourages management to be more careful and prudent when investing cash. After all, this is cash that is owed to the stockholder or owned by the stockholder.

The dividend penalty encourages a dangerous buildup of debt and discourages using cash to finance internal investments. Heavy business debt makes companies less stable. The cost of debt is artificially low compared to using cash because of the double taxation of dividends. Interest payments on debt are subsidized by the Tax Code as an expense. In other words, we encourage corporate indebtedness by this very method. Dividends, on the other hand,